

# 2010-11 – 3<sup>rd</sup> QUARTER STATUS REPORT – General Counsel (P. Mixon)

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## Quantitative Performance Measures

### Total Fund

Weight	Performance Measure	Incentive Schedule	3 <sup>rd</sup> Quarter Status
5%	Excess return deviation in basis points relative to: Total Fund Performance Benchmark {SJ1CA1 – CPERST02}	-27 basis points = 0 +7 basis points = 1.0 +23 basis points = 1.5	+38 bps {18.62 – 18.24}

## Qualitative Performance Measures *(All performance measures utilize standard Qualitative incentive schedule unless otherwise noted)*

### Customer Focus

Weight	Performance Measure
20%	<p>By June 30, 2011, achieve Enterprise Priority #1 “Customer Focus,” as set forth in the 2010-11 Business Plan approved by the Board for the following objectives:</p> <ul style="list-style-type: none"> <li>Ensure the PSR/ETM/PERT Project remains on schedule and within budget and implement planned activities in the PSR/ETM/PERT Recovery Plan</li> </ul> <p>(Specific tactics and milestones are set forth in the Business Plan)</p>
<b>3<sup>rd</sup> Quarter Status:</b> <ol style="list-style-type: none"> <li>Completed End-to-End testing</li> <li>Provided Legal advice on oversight of contract deadlines, rights, and obligations.</li> <li>Completion of Application Retesting phase in mid-January</li> <li>Legal advice on Amendment #17 that modifies the Agreement to support multiple PSR implementation releases</li> <li>PSR CAT training began in April</li> <li>Provided Executive leadership as member of PSR Executive Committee</li> </ol>	

### Sustainability

Weight	Performance Measure
35%	<p>By June 30, 2011, achieve Enterprise Priority #2 “Sustainability,” as set forth in the 2010-11 Business Plan approved by the Board for the following objectives:</p> <ul style="list-style-type: none"> <li>Protect stakeholder interests, assist policymakers in making decisions, and influence the state and federal pension reform debate</li> <li>Implement the 2010 Investment Roadmap strategies</li> <li>Implement federal health care reform legislation provisions</li> <li>Begin implementation of the CalPERS Health Benefit redesign and the and the restructure of the health rate strategy</li> </ul> <p>(Specific tactics and milestones are set forth in the Business Plan)</p>
<b>3<sup>rd</sup> Quarter Status:</b> <ol style="list-style-type: none"> <li>Worked with Legislature and the Governor’s Office to provide appropriate legal assistance on legislative proposals</li> <li>Provided leadership and advice to incorporate the Roadmap into the CalPERS Strategic Plan</li> <li>Continuing to assess the impact of the new federal laws and regulations and assisting in program changes</li> <li>Participating in Health Care Reform Initiative (HCRI) team meetings</li> <li>Aligned PEMHCA regulations with statutory changes as part of the health care reform effort to conform with new federal law that expands dependent coverage to those between the ages of 23 and 26. Final regulation submitted to Office of Administrative Law for approval</li> </ol> <p>Provided legal support for the following high priority INVO Roadmap and Target Operating Model initiatives:</p> <ul style="list-style-type: none"> <li>Fund structure review, including legal analysis on the implications of commingling investments across multiple trusts</li> <li>Development of detailed INVO Travel Policy &amp; Procedures, including providing interim compliance review of specific transactions</li> <li>Contract work-out, including development of an alternate solicitation process for Global Equity that was presented to the Investment Committee in March.</li> <li>New State Street custody contract</li> </ul>	

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## Building Internal Strength

Weight	Performance Measure
30%	<p>By June 30, 2011, achieve Enterprise Priority #3 "Building Internal Strength," as set forth in the 2010-11 Business Plan approved by the Board for the following objectives:</p> <ul style="list-style-type: none"> <li>• Complete the Special Review of placement agent issues and adopt appropriate recommendations to implement governance changes</li> <li>• Attract, develop, and retain a diverse workforce and build a work culture that reflects diversity and inclusion best practices</li> <li>• Institute an enterprise Risk Management function to effectively evaluate, monitor, and manage risk across the organization</li> <li>• Design and implement an enterprise Succession Plan framework to ensure leadership continuity, retention of institutional expertise, and development of staff</li> </ul> <p>(Specific tactics and milestones are set forth in the Business Plan)</p>
<b>3<sup>rd</sup> Quarter Status:</b> <ol style="list-style-type: none"> <li>1. Special Review completed in March</li> <li>2. Branch is participating in diversity survey review and focus group</li> <li>3. Developed implementation plan for recommendations of Special Review</li> <li>4. Hired Chief Risk Officer</li> <li>5. Supported development of enterprise risk management evaluation, prioritization, and reporting system (Risk Heat Map)</li> <li>6. Provided input regarding desired elements of the succession planning process</li> <li>7. Supported the CalPERS succession planning process and the compilation of critical institutional knowledge and expertise that is at risk of loss</li> <li>8. Implementation of new audit review process to ensure resolution of outstanding audit findings</li> </ol>	

## Organizational Management Practices

Weight	Performance Measure
10%	<p>By June 30, 2011, achieve improvements in enterprise management by:</p> <ul style="list-style-type: none"> <li>• Maintaining an average General Counsel Branch position vacancy rate of 5% or less through the Fiscal Year 2010-11</li> <li>• Ensuring all Form 700 Statements of Economic Interest are filed by scheduled employees in the General Counsel Branch by the mandated due date of April 1, 2011</li> <li>• Ensuring all scheduled employees in the General Counsel Branch complete the legally mandated AB 1234 ethics training by June 30, 2011</li> <li>• Maintaining a 90 percent EPAD completion rate for employees in the General Counsel Branch</li> <li>• Resolving all outstanding audit findings pertaining to the General Counsel Branch within 12 months of audit report.</li> </ul>
<b>3<sup>rd</sup> Quarter Status:</b> <ol style="list-style-type: none"> <li>1. Branch vacancy rate at 10% due to retirements and transfers. All vacancies are in process of being filled</li> <li>2. 100% Form 700 filing compliance</li> <li>3. Approaching 90% EPAD completion rate for fiscal year 2010-2011</li> </ol>	